

## REMARKS

Reconsideration and allowance of the pending claims are requested in view of the above amendments and the following remarks. Claims 1-15 and 30 have been canceled. New claim 31, dependent upon claim 16, has been added. Upon entry of the amendments, claims 16-29 and 31 will be pending in the present application, with claim 16 being independent.

### **Section 102 Rejections**

In the Office Action, claims 1-14 and 16-29 were rejected under 35 U.S.C. § 102(e) as being anticipated by U.S. patent 7,222,094 to Ross. Claims 1-15 have been canceled. With regard to pending claims 16-29, Applicants traverse the rejections for the pending claims as follows.

Independent claim 16 is directed to a method of issuing a straight debt security. A straight debt is one that is not convertible. *See* present application at ¶ [0008]. According to claim 16, the straight debt security includes a maturity component, a reset component, and a remarketing component. The maturity component “provid[es] a maturity term of the straight debt security.” The reset component “specif[ies] terms and conditions for resetting a yield of the straight debt security.” The remarketing component “provid[es] terms and conditions for remarketing the straight debt security to new investors.”

Remarketing is a process whereby previously issued securities, e.g., the straight debt securities in this case, are redeemed at a certain point after issuance, at which time the previously issued security is remarketed as a new security (which may or may not be remarketable). The claim also provides that, after the remarketing, “the straight debt security remains outstanding and potential recapture of excess tax benefits is postponed until the time the straight debt security ceases to be outstanding.” As explained in the present application at ¶ [0049], this feature may

be beneficial to the issuer of the straight debt security because, among other things, the issuer may receive an ongoing timing benefit even if there is full recapture at maturity since the issuer has deferred payments until maturity.

Claim 16 was rejected as being anticipated by Ross under 35 U.S.C. § 102(e). Unlike the invention recited in claim 16, Ross is not directed to straight debt securities, but rather to convertible securities, i.e., debt securities that can be converted to equity (i.e., stock). *See, e.g.*, Ross at col. 1:6-9; col. 5:66 to col. 6:45. In particular, Ross discloses and concerns a mechanism for providing an interest-bearing obligation (e.g., a debt instrument) in which the interest payable on the obligation is reset when the price of the underlying or tracked stock changes. *See* Ross at col. 1:48-59. Ross is also silent with respect to remarketing of the convertible security.

A claim is anticipated only if each and every element as set forth in the claim is found, either expressly or inherently, in a single prior art reference. *See* MPEP § 2131. Here, Ross fails to anticipate amended claim 16 for at least the following reasons:

**First**, Ross does not disclose issuing a straight debt security. A straight debt security is one that is not convertible. *See* present application at ¶ [0008]. Ross, on the other hand, exclusively focuses on mechanisms involving convertible securities, i.e., debt-type securities that can be converted to stock at some point in time after issuance. *See e.g.*, Ross at col. 1:6-9.

**Second**, Ross does not disclose issuing a security with a remarketing component. In fact, Ross is completely silent with respect to remarketing. The Office Action, at pages 11-12, cites col. 3:61 to col. 4:3 of Ross as disclosing this limitation of claim 16, but this passage of Ross has nothing to do with remarketing. The cited passage from Ross states:

The stock may be stock in the issuer. The stock may be stock in an entity having a legal relationship with the issuer. The legal relationship may be selected from the group including, but not limited to: a) parent company; b) subsidiary; and c) holding company. The stock may be stock in an entity that is not legally

related to the issuer. The stock may be in an entity whose stock is publicly traded.

The obligation may be sold to a holder by an underwriter. The obligation may be sold by the issuer to the underwriter for resale to the holder.

Ross at col. 3:61 to col. 4:3.

A careful review of this passage reveals that it has nothing to do with remarketing. Rather, the first paragraph describes the stock that Ross's convertible obligation can be converted into upon conversion and the second paragraph merely describes a conventional underwriting approach where the issuer sells the issued security to an underwriter who resells it to an investor (or holder). Remarketing is a process whereby previously issued securities are redeemed at a certain point after issuance, at which time the previously issued security is remarketed as a new security (which may or may not be remarketable). This feature is not disclosed in Ross.

**Third**, Ross does not disclose that "after remarketing, the straight debt security remains outstanding and potential recapture of excess tax benefits is postponed until the time the straight debt security ceases to be outstanding," as recited in claim 16. The Office Action, at page 12, cites col. 6:46-56 of Ross as disclosing this limitation of claim 16. This passage merely describes that the obligations of Ross are to be treated as contingent payment debt instruments (CPDI). It nowhere describes that after remarketing, the straight debt security remains outstanding and potential recapture of excess tax benefits is postponed until the time the straight debt security ceases to be outstanding. In fact, Ross does not and would not disclose this feature because, as noted above, Ross (i) it does not concern straight debt securities and (ii) does not disclose remarketing.

For at least these reasons, applicants submit that Ross fails to disclose all of the elements of, and therefore does not anticipate, claim 16, as well as dependent claims 17-29 and new dependent claim 31.

### **Section 103 Rejections**

Claims 15 and 30 were rejected under 35 U.S.C. §103(a) as obvious over Ross in view of published U.S. application Pub. No. 2002/0147670 to Lange. Both claim 15 and claim 30 have been canceled by this amendment. Therefore, the rejections are moot. In any case, with respect to the pending claims, Lange does not remedy the defects of Ross.

### **CONCLUSION**

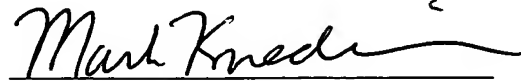
Applicants respectfully submit that all of the claims presented in the present application are in condition for allowance. Applicants' present Amendment should not in any way be taken as acquiescence to any of the specific assertions, statements, etc., presented in the Office Action not explicitly addressed herein. Applicants reserve the right to address specifically all such assertions and statements in subsequent responses. Applicants also reserve the right to seek claims of a broader or different scope in a continuation application.

Applicants have made a diligent effort to properly respond to the Office Action and believe that the claims are in condition for allowance. If the Examiner has any remaining

concerns, the Examiner is invited to contact the undersigned at the telephone number set forth below so that such concerns may be expeditiously addressed.

Respectfully submitted,

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